



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2010  
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Hospital, Medical & Dental Service or Indemnity [ ]	
	Dental Service Corporation [ ]		Vision Service Corporation [ ]		Health Maintenance Organization [ X ]	
	Other [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.priority-health.com					
Statutory Statement Contact	Kristy Lynn Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Kimberly L Thomas #	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Aloia	Craig H Bethune	Richard C Breon	Karl D Deck
Georgia R Fojtasek	Michael P Freed	Lynn Kotecki	Rajesh Kothari #
Lynn Liddle #	Peter B Lundeen	Christina MacInnes	Edward M Millermaier
Kathleen S Ponitz	Robert W Roth	Paul Saginaw #	Thomas G Schwaderer
Timothy V Smith	Dale M Sowders	James J Stephanak	Jody D Vanderwel
Samuel Wanner #			

State of Michigan  
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K. Horn President / Chief Executive Officer	Gregory A. Hawkins Treasurer / Chief Financial Officer	Kimberly L. Thomas Secretary
a. Is this an original filing? Yes [ X ] No [ ]		
b. If no,		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		
Catherine H. Sochanek, Executive Administrative Assistant 05/12/2016		

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	137,988,371		137,988,371	147,243,898
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	73,957,638	1	73,957,637	77,525,162
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0   encumbrances) .....	1,022,417	1,022,417	0	0
4.2 Properties held for the production of income (less \$ .....   encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....   encumbrances) .....			0	0
5. Cash (\$ .....(7,263,024) ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....189,230,011 ) .....	181,966,987		181,966,987	169,043,413
6. Contract loans (including \$ .....premium notes)			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Aggregate write-ins for invested assets .....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10) .....	394,935,413	1,022,418	393,912,995	393,812,473
12. Title plants less \$ .....charged off (for Title insurers only) .....			0	0
13. Investment income due and accrued .....	2,066,233		2,066,233	2,596,295
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection .....	17,868,107	266,604	17,601,503	14,457,046
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premiums) .....			0	0
14.3 Accrued retrospective premiums .....	743,359		743,359	800,122
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers .....			0	0
15.2 Funds held by or deposited with reinsured companies .....			0	0
15.3 Other amounts receivable under reinsurance contracts .....			0	0
16. Amounts receivable relating to uninsured plans .....			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
17.2 Net deferred tax asset .....			0	0
18. Guaranty funds receivable or on deposit .....			0	0
19. Electronic data processing equipment and software .....			0	0
20. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	14,714,497	14,714,497	0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
22. Receivables from parent, subsidiaries and affiliates .....	1,082,451		1,082,451	8,328,457
23. Health care (\$ .....5,587,082 ) and other amounts receivable .....	10,875,644	1,949,416	8,926,228	6,481,226
24. Aggregate write-ins for other than invested assets .....	2,347,325	2,347,325	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	444,633,029	20,300,260	424,332,769	426,475,619
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
27. Total (Lines 25 and 26)	444,633,029	20,300,260	424,332,769	426,475,619
DETAILS OF WRITE-INS				
1001. ....				
1002. ....				
1003. ....				
1098. Summary of remaining write-ins for Line 10 from overflow page .....	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Goodwill .....	1,725,000	1,725,000	0	0
2402. Prepaid expenses .....	622,325	622,325	0	0
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	2,347,325	2,347,325	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded)	109,958,408	11,050,264	121,008,672	100,948,729
2. Accrued medical incentive pool and bonus amounts	22,024,739		22,024,739	20,960,205
3. Unpaid claims adjustment expenses	1,981,524	242,999	2,224,523	1,790,725
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	17,247,452		17,247,452	20,006,430
9. General expenses due or accrued	4,828,027		4,828,027	4,867,464
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	156,734		156,734	156,808
13. Remittances and items not allocated	1,870,066		1,870,066	0
14. Borrowed money (including \$ .....0 current) and interest thereon \$ .....2,183 (including \$ .....2,183 current)	10,002,183		10,002,183	0
15. Amounts due to parent, subsidiaries and affiliates	36,046,619		36,046,619	40,169,536
16. Derivatives			0	
17. Payable for securities			0	0
18. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers and \$ .....unauthorized reinsurers)			0	0
19. Reinsurance in unauthorized companies			0	0
20. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
21. Liability for amounts held under uninsured plans	2,477,235		2,477,235	2,669,426
22. Aggregate write-ins for other liabilities (including \$ ..... current)	0	0	0	0
23. Total liabilities (Lines 1 to 22)	206,592,987	11,293,263	217,886,250	191,569,323
24. Aggregate write-ins for special surplus funds	XXX	XXX	1,000,000	1,000,000
25. Common capital stock	XXX	XXX	8,524	8,524
26. Preferred capital stock	XXX	XXX		0
27. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
28. Surplus notes	XXX	XXX	30,039,572	33,839,572
29. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
30. Unassigned funds (surplus)	XXX	XXX	139,577,421	164,237,198
31. Less treasury stock, at cost:				
31.1 ..... shares common (value included in Line 25) \$ ..... )	XXX	XXX		0
31.2 ..... shares preferred (value included in Line 26) \$ ..... )	XXX	XXX		0
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	XXX	XXX	206,446,519	234,906,296
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	424,332,769	426,475,619
DETAILS OF WRITE-INS				
2201. ....				
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	0	0	0	0
2401. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2402. ....	XXX	XXX		
2403. ....	XXX	XXX		
2498. Summary of remaining write-ins for Line 24 from overflow page	XXX	XXX	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	XXX	XXX	1,000,000	1,000,000
2901. ....	XXX	XXX		
2902. ....	XXX	XXX		
2903. ....	XXX	XXX		
2998. Summary of remaining write-ins for Line 29 from overflow page	XXX	XXX	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	3,766,419	3,277,422	4,408,636
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	1,226,773,385	983,558,772	1,323,382,746
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		.0	.0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		.0	.0
5. Risk revenue .....	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues .....	XXX	473,420	506,419	980,430
7. Aggregate write-ins for other non-health revenues .....	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7) .....	XXX	1,227,246,805	984,065,191	1,324,363,176
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		831,397,498	649,879,986	879,499,199
10. Other professional services .....		577,040	360,289	515,369
11. Outside referrals .....		29,796,227	25,260,542	33,721,176
12. Emergency room and out-of-area .....		32,136,924	26,635,352	36,306,888
13. Prescription drugs .....		214,482,014	169,581,152	230,308,382
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		21,437,610	18,665,277	23,501,688
16. Subtotal (Lines 9 to 15) .....	.0	1,129,827,313	890,382,598	1,203,852,702
<b>Less:</b>				
17. Net reinsurance recoveries .....		130,463	480,143	356,156
18. Total hospital and medical (Lines 16 minus 17) .....	.0	1,129,696,850	889,902,455	1,203,496,546
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 12,726,460 .....cost containment expenses.....		32,190,458	41,208,600	40,289,583
21. General administrative expenses.....		73,131,572	49,057,661	83,704,937
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....			.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	1,235,018,880	980,168,716	1,327,491,066
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(7,772,075)	3,896,475	(3,127,890)
25. Net investment income earned .....		8,905,554	5,409,846	19,243,063
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		1,156,982	(1,166,494)	(1,203,120)
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	10,062,536	4,243,352	18,039,943
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	2,250,838	1,265,160	2,909,532
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	4,541,299	9,404,987	17,821,585
31. Federal and foreign income taxes incurred .....	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	4,541,299	9,404,987	17,821,585
<b>DETAILS OF WRITE-INS</b>				
0601. Wellness Program Revenue.....	XXX	473,420	506,419	980,430
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	473,420	506,419	980,430
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. Management Fee Revenue.....	.0	2,250,838	1,265,160	2,909,532
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	2,250,838	1,265,160	2,909,532

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	234,906,296	221,121,463	221,121,463
34. Net income or (loss) from Line 32 .....	4,541,299	9,404,987	17,821,585
35. Change in valuation basis of aggregate policy and claim reserves .....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....0	(28,849,685)	6,271,876	(3,552,107)
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0	0
38. Change in net deferred income tax .....		0	0
39. Change in nonadmitted assets .....	(351,391)	501,348	(484,645)
40. Change in unauthorized reinsurance .....	0	0	0
41. Change in treasury stock .....		0	0
42. Change in surplus notes .....	(3,800,000)	0	0
43. Cumulative effect of changes in accounting principles .....		0	0
44. Capital Changes:			
44.1 Paid in .....		0	0
44.2 Transferred from surplus (Stock Dividend) .....		0	0
44.3 Transferred to surplus .....		0	0
45. Surplus adjustments:			
45.1 Paid in .....		0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0	0
45.3 Transferred from capital .....		0	0
46. Dividends to stockholders .....		0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0	0
48. Net change in capital and surplus (Lines 34 to 47) .....	(28,459,777)	16,178,211	13,784,833
49. Capital and surplus end of reporting period (Line 33 plus 48)	206,446,519	237,299,674	234,906,296
DETAILS OF WRITE-INS			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	1,220,942,850	981,265,861	1,321,219,807
2. Net investment income.....	9,819,760	6,324,847	19,717,385
3. Miscellaneous income.....	473,418	506,419	980,430
4. Total (Lines 1 to 3).....	1,231,236,028	988,097,127	1,341,917,622
5. Benefit and loss related payments.....	1,109,073,089	904,488,156	1,214,314,015
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	102,869,023	94,056,255	119,810,992
8. Dividends paid to policyholders.....		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	1,211,942,112	998,544,411	1,334,125,007
11. Net cash from operations (Line 4 minus Line 10).....	19,293,916	(10,447,284)	7,792,615
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	54,838,806	51,389,391	69,863,082
12.2 Stocks.....	0	7,512,188	7,961,125
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	7,890	17,150	18,045
12.7 Miscellaneous proceeds.....	93,523	330,710	190,276
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	54,940,219	59,249,439	78,032,528
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	44,646,738	67,880,712	78,747,703
13.2 Stocks.....	25,282,161	13,440,764	25,981,737
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	106,031	70,243	488,589
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	171,593	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	70,206,523	81,391,719	105,218,029
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(15,266,304)	(22,142,280)	(27,185,501)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	(3,800,000)	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	10,002,183	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	2,693,779	17,941,710	9,795,805
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	8,895,962	17,941,710	9,795,805
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	12,923,574	(14,647,854)	(9,597,081)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	169,043,413	178,640,494	178,640,494
19.2 End of period (Line 18 plus Line 19.1).....	181,966,987	163,992,640	169,043,413

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....	380,816	1,577	361,332	.0	.0	.0	.0	17,907	.0	.0
2 First Quarter .....	413,245	1,699	368,071	.185	.0	.0	.0	43,290	.0	.0
3 Second Quarter .....	420,709	1,515	373,859	.302	.0	.0	.0	45,033	.0	.0
4. Third Quarter .....	425,630	1,558	377,320	.393				46,359		
5. Current Year	.0									
6 Current Year Member Months	3,766,419	13,714	3,351,509	2,343				398,853		
Total Member Ambulatory Encounters for Period:										
7. Physician .....	3,136,050	10,096	2,467,314	3,123				655,517		
8. Non-Physician .....	347,085	1,117	273,072	.346				72,550		
9. Total	3,483,135	11,213	2,740,386	3,469	.0	.0	.0	728,067	.0	.0
10. Hospital Patient Days Incurred	115,542	249	60,903	43				54,347		
11. Number of Inpatient Admissions	23,822	65	15,768	11				7,978		
12. Health Premiums Written(a) .....	1,227,971,091	3,865,917	944,775,888	332,274				278,997,012		
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	1,226,773,385	3,861,167	943,615,027	332,087				278,965,104		
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	1,109,073,088	4,574,289	883,869,368	204,092				220,425,339		
18. Amount Incurred for Provision of Health Care Services	1,129,827,313	4,659,350	880,722,190	298,878				244,146,895		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....278,997,012

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]



UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	93,379,966	788,931,467	1,606,499	85,808,626	94,986,465	88,790,547
2. Medicare Supplement .....		204,092		94,786	.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	10,754,037	212,052,278	176,716	33,322,046	10,930,753	12,158,182
7. Title XIX - Medicaid .....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	104,134,003	1,001,187,837	1,783,215	119,225,458	105,917,218	100,948,729
10. Healthcare receivables (a) .....	6,220,740	10,220,735		6,721,456	6,220,740	6,220,740
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	20,192,722		1,886,983	20,137,756	22,079,705	20,960,205
13. Totals	118,105,985	990,967,102	3,670,198	132,641,758	121,776,183	115,688,194

(a) Excludes \$ .....0 loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Summary of Significant Accounting Policies

Priority Health's statutory-basis financial statements are prepared in accordance with the *Accounting Practices and Procedures Manual* published by the National Association of Insurance Commissioners.

### 2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

### 3. Business Combinations and Goodwill

No material changes from year end disclosures.

### 4. Discontinued Operations

No material changes from year end disclosures.

### 5. Investments

No material changes from year end disclosures.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

### 7. Investment Income

No material changes from year end disclosures.

### 8. Derivative Instruments

No material changes from year end disclosures.

### 9. Income Taxes

No material changes from year end disclosures.

### 10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company made capital contributions to its subsidiary, Priority Health Insurance Company, totaling \$24,750,000 in 2010.

### 11. Debt

In 2008, the Company obtained a \$10,000,000 line of credit from its parent company, Spectrum Health, which was outstanding at September 30, 2010. The line of credit requires interest be paid in installments and matures in February 2013. This line of credit bears interest at a floating rate based on one-month LIBOR plus 85 basis points (1.32% at September 30, 2010).

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

### 13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

In April 2010, the Company made a principal and interest payment on the surplus notes in the amount of \$5,830,376, decreasing the principal balance by \$3,800,000.

### 14. Contingencies

No material changes from year end disclosures.

### 15. Leases

No material changes from year end disclosures.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

## NOTES TO FINANCIAL STATEMENTS

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

### 18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

### 20. Other Items

No material changes from year end disclosures.

### 21. Events Subsequent

No material changes from year end disclosures.

### 22. Reinsurance

No material changes from year end disclosures.

### 23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

### 24. Change in Incurred Claims and Claim Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were unfavorable by \$5.0 million year-to-date, increasing the prior year-end claim reserve estimates of \$100.9 million to \$105.9 million.

### 25. Intercompany Pooling Arrangements

No material changes from year end disclosures.

### 26. Structured Settlements

No material changes from year end disclosures.

### 27. Health Care Receivables

No material changes from year end disclosures.

### 28. Participating Policies

No material changes from year end disclosures.

### 29. Premium Deficiency Reserves

No material changes from year end disclosures.

### 30. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes ☐ No ☒
- 2.2

If yes, date of change: .....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2009
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

05/26/2008
- 6.4

By what department or departments?  
State of Michigan Office of Financial and Insurance Regulation.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☐ No ☐ NA ☒
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:  
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....0

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0
13.

Amount of real estate and mortgages held in short-term investments: ..... \$ .....0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
14.21	Bonds .....	\$ .....0	\$	.....0
14.22	Preferred Stock .....	\$ .....0	\$	.....0
14.23	Common Stock .....	\$ .....32,822,112	\$	.....26,404,905
14.24	Short-Term Investments .....	\$ .....0	\$	.....0
14.25	Mortgage Loans on Real Estate .....	\$ .....0	\$	.....0
14.26	All Other .....	\$ .....0	\$	.....0
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....32,822,112	\$	.....26,404,905
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above ....	\$ .....0	\$	.....0
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? .....

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH

1.

1

Amount

1. Operating Percentages:

1.1 A&H loss percent

93.1%

1.2 A&H cost containment percent

1.0%

1.3 A&H expense percent excluding cost containment expenses

7.5%

2.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

2.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X]

2.4 If yes, please provide the balance of funds administered as of the reporting date.

\$

## SCHEDULE S - CEDED REINSURANCE

[illegible]

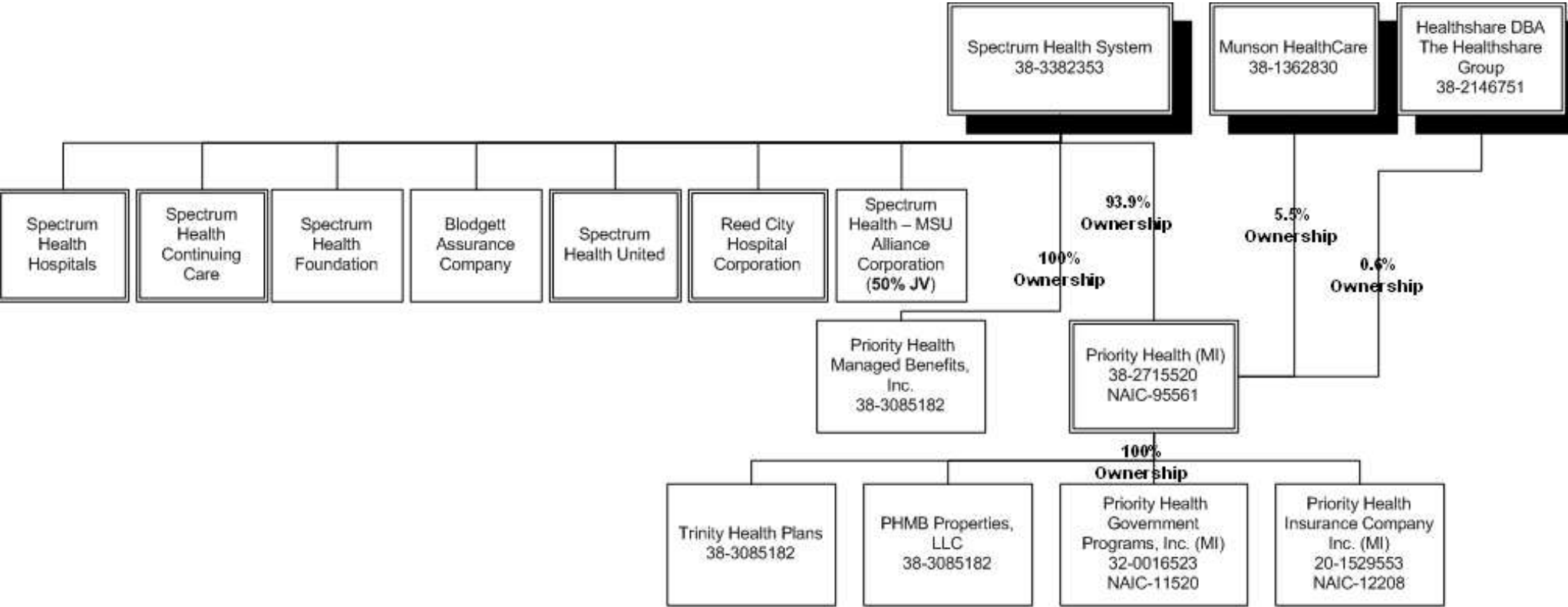


SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama .....	AL	N							.0	
2. Alaska .....	AK	N							.0	
3. Arizona .....	AZ	N							.0	
4. Arkansas .....	AR	N							.0	
5. California .....	CA	N							.0	
6. Colorado .....	CO	N							.0	
7. Connecticut .....	CT	N							.0	
8. Delaware .....	DE	N							.0	
9. Dist. Columbia .....	DC	N							.0	
10. Florida .....	FL	N							.0	
11. Georgia .....	GA	N							.0	
12. Hawaii .....	HI	N							.0	
13. Idaho .....	ID	N							.0	
14. Illinois .....	IL	N							.0	
15. Indiana .....	IN	N							.0	
16. Iowa .....	IA	N							.0	
17. Kansas .....	KS	N							.0	
18. Kentucky .....	KY	N							.0	
19. Louisiana .....	LA	N							.0	
20. Maine .....	ME	N							.0	
21. Maryland .....	MD	N							.0	
22. Massachusetts .....	MA	N							.0	
23. Michigan .....	MI	L	948,974,080	278,997,012					1,227,971,092	
24. Minnesota .....	MN	N							.0	
25. Mississippi .....	MS	N							.0	
26. Missouri .....	MO	N							.0	
27. Montana .....	MT	N							.0	
28. Nebraska .....	NE	N							.0	
29. Nevada .....	NV	N							.0	
30. New Hampshire .....	NH	N							.0	
31. New Jersey .....	NJ	N							.0	
32. New Mexico .....	NM	N							.0	
33. New York .....	NY	N							.0	
34. North Carolina .....	NC	N							.0	
35. North Dakota .....	ND	N							.0	
36. Ohio .....	OH	N							.0	
37. Oklahoma .....	OK	N							.0	
38. Oregon .....	OR	N							.0	
39. Pennsylvania .....	PA	N							.0	
40. Rhode Island .....	RI	N							.0	
41. South Carolina .....	SC	N							.0	
42. South Dakota .....	SD	N							.0	
43. Tennessee .....	TN	N							.0	
44. Texas .....	TX	N							.0	
45. Utah .....	UT	N							.0	
46. Vermont .....	VT	N							.0	
47. Virginia .....	VA	N							.0	
48. Washington .....	WA	N							.0	
49. West Virginia .....	WV	N							.0	
50. Wisconsin .....	WI	N							.0	
51. Wyoming .....	WY	N							.0	
52. American Samoa .....	AS	N							.0	
53. Guam .....	GU	N							.0	
54. Puerto Rico .....	PR	N							.0	
55. U.S. Virgin Islands .....	VI	N							.0	
56. Northern Mariana Islands .....	MP	N							.0	
57. Canada .....	CN	N							.0	
58. Aggregate other alien .....	OT	XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal .....	XXX		948,974,080	278,997,012	.0	.0	.0	.0	1,227,971,092	.0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX								.0	
61. Total (Direct Business) .....	(a) 1		948,974,080	278,997,012	0	0	0	0	1,227,971,092	0
DETAILS OF WRITE-INS										
5801. ....	XXX									
5802. ....	XXX									
5803. ....	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX		.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX		0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R ) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.  
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.Business not written

Bar Code:

1.



95561201036500003

**OVERFLOW PAGE FOR WRITE-INS**

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	1,009,909	711,596
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	106,031	488,589
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other than temporary impairment recognized .....		0
8. Deduct current year's depreciation .....	93,523	190,276
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	1,022,417	1,009,909
10. Deduct total nonadmitted amounts .....	1,022,417	1,009,909
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	224,769,060	202,938,468
2. Cost of bonds and stocks acquired .....	69,928,899	104,729,440
3. Accrual of discount .....	138,855	0
4. Unrealized valuation increase (decrease) .....	(28,849,685)	(3,552,107)
5. Total gain (loss) on disposals .....	1,320,685	(1,221,165)
6. Deduct consideration for bonds and stocks disposed of .....	54,838,806	77,824,207
7. Deduct amortization of premium .....	522,999	301,369
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	211,946,009	224,769,060
11. Deduct total nonadmitted amounts .....	1	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	211,946,008	224,769,060

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	243,904,588	205,447,859	138,877,603	(3,138,184)	246,552,402	243,904,588	307,336,659	247,925,351
2. Class 2 (a).....	16,555,545	6,207,929	4,955,600	2,073,849	12,161,431	16,555,545	19,881,723	16,697,597
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	260,460,133	211,655,788	143,833,203	(1,064,336)	258,713,833	260,460,133	327,218,382	264,622,948
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	0	0	0	0	0	0	0	0
10. Class 3 .....	0	0	0	0	0	0	0	0
11. Class 4 .....	0	0	0	0	0	0	0	0
12. Class 5 .....	0	0	0	0	0	0	0	0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	260,460,133	211,655,788	143,833,203	(1,064,336)	258,713,833	260,460,133	327,218,382	264,622,948

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	189,230,011	XXX	190,747,231	3,784,298	272,375

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	117,379,051	189,590,733
2. Cost of short-term investments acquired .....	344,625,215	344,538,324
3. Accrual of discount.....	1,834	222,043
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	7,890	18,045
6. Deduct consideration received on disposals.....	270,053,422	413,920,582
7. Deduct amortization of premium.....	2,730,557	3,069,512
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	189,230,011	117,379,051
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	189,230,011	117,379,051

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE



SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired.....	0	1,998,000
3. Accrual of discount.....	0	2,000
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	0	2,000,000
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

**STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health**

## SCHEDULE A - PART 2

**Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter**

[illegible]

## SCHEDULE A - PART 3

**Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"**

[illegible]

EO1

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
912828-JK-7.....	US TREASURY N/B.....		08/16/2010.....	CHASE SECURITIES.....		1,126,781.....	1,050,000.....	14,534.....	1.....
912828-JR-2.....	US TREASURY N/B.....		07/29/2010.....	DMG.....		1,783,489.....	1,650,000.....	12,779.....	1.....
912828-ND-8.....	US TREASURY N/B.....		08/03/2010.....	GREENWICH CAPITAL.....		1,050,238.....	1,000,000.....	7,704.....	1.....
0399999 - Total - Bonds - U.S. Government						3,960,509.....	3,700,000.....	35,016.....	XXX.....
31412P-2U-4.....	FNMA #931487.....		08/31/2010.....	JEFF-MTGS.....		970,203.....	923,453.....	1,501.....	1.....
31417Y-SC-2.....	FNMA #MA0514.....		08/31/2010.....	CANTOR FITZGERALD & CO.....		1,032,922.....	998,445.....	1,442.....	1.....
31417Y-TE-7.....	FNMA #MA0548.....		08/31/2010.....	CANTOR FITZGERALD & CO.....		2,094,688.....	2,000,000.....	3,694.....	1.....
38373M-PW-4.....	GNMA 2005-29 C.....		08/03/2010.....	DMG.....		1,109,180.....	1,000,000.....	725.....	1.....
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of ...						5,206,992.....	4,921,897.....	7,362.....	XXX.....
00163M-AL-8.....	AMB PROPERTY LP.....		08/04/2010.....	JP MORGAN.....		247,303.....	250,000.....	0.....	2FE.....
097023-AV-7.....	BOEING CO.....		09/21/2010.....	MITSUBISHI.....		1,121,400.....	1,000,000.....	1,250.....	1FE.....
20030N-BA-8.....	COMCAST CORP.....		08/23/2010.....	BNYMELLON.....		380,723.....	350,000.....	8,762.....	2FE.....
260543-CA-9.....	DOW CHEMICAL CO.....		08/10/2010.....	BNP.....		277,925.....	250,000.....	7,293.....	2FE.....
26884A-AY-9.....	ERP OPERATING LP.....		07/12/2010.....	CITIGROUP/ELECTRONIC.....		248,093.....	250,000.....	0.....	2FE.....
437076-AT-9.....	HOME DEPOT INC.....		09/07/2010.....	VARIOUS.....		801,207.....	800,000.....	0.....	2FE.....
61747Y-CW-5.....	MORGAN STANLEY.....		08/23/2010.....	MFGLOBAL.....		253,435.....	250,000.....	1,146.....	1FE.....
69371R-J9-8.....	PACCAR FINANCIAL CORP.....		09/02/2010.....	STIFEL NICHOLAUS & CO, INC.....		509,470.....	500,000.....	2,335.....	1FE.....
74456Q-AX-4.....	PUBLIC SERVICE ELEC & GAS.....		08/03/2010.....	WELLSCORP.....		498,740.....	500,000.....	0.....	1FE.....
786514-BR-9.....	SAFEWAY INC.....		08/19/2010.....	BANK OF AMERICA.....		1,103,240.....	1,000,000.....	1,250.....	2FE.....
808513-AD-7.....	CHARLES SCHWAB CORP.....		07/19/2010.....	JP MORGAN.....		752,468.....	750,000.....	0.....	1FE.....
87612E-AV-8.....	TARGET CORP.....		07/13/2010.....	JP MORGAN.....		498,565.....	500,000.....	0.....	1FE.....
883556-AS-1.....	THERMO FISHER SCIENTIFIC.....		08/09/2010.....	JP MORGAN.....		525,865.....	500,000.....	4,667.....	2FE.....
88732J-AW-8.....	TIME WARNER CABLE INC.....		07/27/2010.....	CANTOR FITZGERALD & CO.....		207,742.....	200,000.....	6,361.....	2FE.....
89837L-AA-3.....	PRINCETON UNIVERSITY.....		07/06/2010.....	MORGAN STANLEY.....		272,770.....	247,000.....	4,347.....	1FE.....
3899999 - Total - Bonds - Industrial, Misc.						7,698,944.....	7,347,000.....	37,411.....	XXX.....
8399997 - Total - Bonds - Part 3						16,866,444.....	15,968,897.....	79,789.....	XXX.....
8399999 - Total - Bonds						16,866,444.....	15,968,897.....	79,789.....	XXX.....
8999999 - Total - Preferred Stocks						0.....	XXX.....	0.....	XXX.....
693390-70-0.....	PIMCO FDS TOTAL RETURN - INST.....		09/30/2010.....	MELLON BANK.....	8,510.384.....	97,962.....	0.....	0.....	L.....
922040-10-0.....	VANGUARD INSTL INDEX FUND.....		09/30/2010.....	FIFTHTHIRD.....	861.593.....	89,976.....	0.....	0.....	L.....
9299999 - Total - Common Stocks - Mutual Funds						187,938.....	XXX.....	0.....	XXX.....
9799997 - Total - Common Stocks - Part 3						187,938.....	XXX.....	0.....	XXX.....
9799999 - Total - Common Stocks						187,938.....	XXX.....	0.....	XXX.....
9899999 - Total - Preferred and Common Stocks						187,938.....	XXX.....	0.....	XXX.....
9999999 - Totals						17,054,382.....	XXX.....	79,789.....	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0 .

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
									11	12	13	14	15							
									Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.							
31771E-AG-6..	FICO STRIP PRN-6..	07/29/2010..	BANK OF AMERICA		215,776	280,000	187,496	194,951	0	4,830	0	4,830	0	199,781	0	15,995	15,995	0	08/03/2018..	1
31771E-AN-1..	FICO STRIP PRN-13..	07/29/2010..	WELLSCORP		188,991	250,000	162,734	169,386	0	4,313	0	4,313	0	173,698	0	15,293	15,293	0	12/27/2018..	1
31771K-AJ-6..	FICO STRIP PRINC..	07/29/2010..	WELLSCORP		1,402,244	1,850,000	1,216,042	1,264,820	0	31,998	0	31,998	0	1,296,818	0	105,426	105,426	0	11/02/2018..	1
36202V-XU-0..	GNMA #610991..	09/01/2010..	MBS PMT		23,747	23,747	23,583	23,733	0	14	0	14	0	23,747	0	0	0	788	06/01/2034..	1
36291E-RM-5..	GNMA #626092..	09/01/2010..	MBS PMT		25,057	25,057	25,484	25,071	0	(14)	0	(14)	0	25,057	0	0	0	1,026	03/01/2034..	1
36291S-PT-1..	GNMA #636834..	09/01/2010..	MBS PMT		7,517	7,517	7,672	7,545	0	(28)	0	(28)	0	7,517	0	0	0	245	11/01/2034..	1
36295N-ND-5..	GNMA #675488..	09/01/2010..	MBS PMT		86,052	86,052	85,823	86,019	0	33	0	33	0	86,052	0	0	0	3,305	06/01/2038..	1
362950-LK-4..	GNMA #677230..	09/01/2010..	MBS PMT		23,824	23,824	24,223	23,947	0	(123)	0	(123)	0	23,824	0	0	0	933	08/01/2038..	1
36295S-C8-7..	GNMA #678795..	09/01/2010..	MBS PMT		64,548	64,548	65,647	64,853	0	(305)	0	(305)	0	64,548	0	0	0	2,600	12/01/2037..	1
36296K-MW-9..	GNMA #693473..	09/01/2010..	MBS PMT		14,740	14,740	14,823	14,772	0	(32)	0	(32)	0	14,740	0	0	0	553	06/01/2038..	1
36296U-HC-7..	GNMA #701427..	09/01/2010..	MBS PMT		45,748	45,748	45,204	45,667	0	80	0	80	0	45,748	0	0	0	1,560	11/01/2038..	1
912828-ED-8..	US TREASURY N/B..	08/15/2010..	MATURITY		1,050,000	1,050,000	1,086,422	1,061,400	0	(11,400)	0	(11,400)	0	1,050,000	0	0	0	43,313	08/15/2010..	1
912828-KJ-8..	US TREASURY N/B..	08/03/2010..	GREENWICH CAPITAL		1,025,817	1,000,000	999,964	999,972	0	4	0	4	0	999,976	0	25,841	25,841	14,775	03/31/2014..	1
0399999 - Bonds - U.S. Governments					4,174,061	4,721,232	3,945,119	3,982,136	0	29,370	0	29,370	0	4,011,506	0	162,555	162,555	69,097	XXX	XXX
821022-W8-9..	SHEBOYGAN WI..	08/30/2010..	UBSFIN		175,893	175,000	174,557	174,857	0	33	0	33	0	174,890	0	1,002	1,002	7,241	10/01/2012..	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions					175,893	175,000	174,557	174,857	0	33	0	33	0	174,890	0	1,002	1,002	7,241	XXX	XXX
31283H-S9-7..	FHLMC G01444..	09/01/2010..	MBS PMT		5,076	5,076	5,287	5,108	0	(32)	0	(32)	0	5,076	0	0	0	220	08/01/2032..	1
31283K-4D-7..	FHLMC G11720..	09/01/2010..	MBS PMT		76,037	76,037	78,841	76,591	0	(554)	0	(554)	0	76,037	0	0	0	2,303	08/01/2020..	1
31287X-Z8-2..	FHLMC C70767..	09/01/2010..	MBS PMT		1,558	1,558	1,613	1,562	0	(4)	0	(4)	0	1,558	0	0	0	62	09/01/2032..	1
3128JW-2C-0..	FHLMC 1B2670..	08/01/2010..	MBS PMT		5,566	5,566	5,593	5,568	0	(3)	0	(3)	0	5,566	0	0	0	122	12/01/2034..	1
3128K6-SB-2..	FHLMC A46242..	09/01/2010..	MBS PMT		22,811	22,811	21,930	22,668	0	143	0	143	0	22,811	0	0	0	776	07/01/2035..	1
3128M1-C7-2..	FHLMC G11994..	09/01/2010..	MBS PMT		16,753	16,753	16,646	16,731	0	22	0	22	0	16,753	0	0	0	615	05/01/2021..	1
3128M1-KY-4..	FHLMC G12211..	09/01/2010..	MBS PMT		18,907	18,907	18,455	18,828	0	79	0	79	0	18,907	0	0	0	637	06/01/2021..	1
3128M1-NX-3..	FHLMC G12306..	09/01/2010..	MBS PMT		13,147	13,147	13,272	13,169	0	(22)	0	(22)	0	13,147	0	0	0	533	07/01/2021..	1
3128M4-K6-9..	FHLMC G02717..	09/01/2010..	MBS PMT		55,413	55,413	54,755	55,252	0	161	0	161	0	55,413	0	0	0	2,031	02/01/2037..	1
3128MJ-BP-4..	FHLMC G08045..	09/01/2010..	MBS PMT		18,410	18,410	18,295	18,397	0	13	0	13	0	18,410	0	0	0	631	03/01/2035..	1
3128MJ-B0-2..	FHLMC G08046..	09/01/2010..	MBS PMT		45,337	45,337	46,017	45,383	0	(46)	0	(46)	0	45,337	0	0	0	1,678	03/01/2035..	1
3128MJ-CJ-7..	FHLMC G08072..	09/01/2010..	MBS PMT		28,578	28,578	27,850	28,490	0	88	0	88	0	28,578	0	0	0	980	08/01/2035..	1
3128MJ-F4-7..	FHLMC G08186..	09/01/2010..	MBS PMT		56,301	56,301	55,755	56,210	0	91	0	91	0	56,301	0	0	0	2,095	03/01/2037..	1
3128MJ-LL-2..	FHLMC G08330..	09/01/2010..	MBS PMT		41,972	41,972	42,444	0	0	(17)	0	(17)	0	41,972	0	0	0	359	01/01/2039..	1
3128MN-C0-4..	FHLMC G18078..	09/01/2010..	MBS PMT		16,995	16,995	16,700	16,951	0	43	0	43	0	16,995	0	0	0	578	10/01/2020..	1
3128MN-D6-5..	FHLMC G18102..	09/01/2010..	MBS PMT		13,453	13,453	13,650	13,474	0	(21)	0	(21)	0	13,453	0	0	0	571	02/01/2021..	1
31292H-R7-1..	FHLMC C01410..	09/01/2010..	MBS PMT		2,951	2,951	3,043	2,963	0	(13)	0	(13)	0	2,951	0	0	0	120	10/01/2032..	1
31292H-RZ-9..	FHLMC C01404..	09/01/2010..	MBS PMT		2,381	2,381	2,470	2,393	0	(12)	0	(12)	0	2,381	0	0	0	102	10/01/2032..	1
31292J-B0-2..	FHLMC C01847..	09/01/2010..	MBS PMT		16,648	16,648	16,440	16,625	0	23	0	23	0	16,648	0	0	0	620	06/01/2034..	1
31292J-BR-0..	FHLMC C01848..	09/01/2010..	MBS PMT		22,835	22,835	23,395	22,915	0	(80)	0	(80)	0	22,835	0	0	0	923	06/01/2034..	1
31294K-YC-3..	FHLMC E01607..	09/01/2010..	MBS PMT		15,222	15,222	15,412	15,248	0	(26)	0	(26)	0	15,222	0	0	0	512	04/01/2019..	1
31296S-TD-8..	FHLMC B13248..	09/01/2010..	MBS PMT		18,600	18,600	18,928	18,638	0	(38)	0	(38)	0	18,600	0	0	0	619	04/01/2019..	1
312969-ZB-8..	FHLMC B17190..	09/01/2010..	MBS PMT		53,585	53,585	53,518	53,575	0	10	0	10	0	53,585	0	0	0	1,668	11/01/2019..	1
312969-FY-9..	FHLMC B16483..	09/01/2010..	MBS PMT		4,138	4,138	4,236	4,152	0	(14)	0	(14)	0	4,138	0	0	0	152	09/01/2019..	1
31297C-KU-3..	FHLMC A24807..	09/01/2010..	MBS PMT		42,690	42,690	42,123	42,617	0	73	0	73	0	42,690	0	0	0	1,485	07/01/2034..	1
31297C-Z0-6..	FHLMC A25251..	09/01/2010..	MBS PMT		24,680	24,680	25,517	24,817	0	(138)	0	(138)	0	24,680	0	0	0	998	08/01/2034..	1
31297E-UN-4..	FHLMC A26889..	09/01/2010..	MBS PMT		19,620	19,620	19,847	19,648	0	(28)	0	(28)	0	19,620	0	0	0	763	09/01/2034..	1
31297G-FG-1..	FHLMC A28267..	09/01/2010..	MBS PMT		27,492	27,492	27,947	27,551	0	(60)	0	(60)	0	27,492	0	0	0	1,113	11/01/2034..	1
31297W-QE-1..	FHLMC A32253..	09/01/2010..	MBS PMT		2,150	2,150	2,102	2,150	0	1	0	1	0	2,150	0	0	0	72</		

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
										Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.							
31385J-RN-0.	FNMA #545993.		09/01/2010.	MBS PMT.		4,987	4,987	5,124	5,008	0	(21)	0	(21)	0	4,987	0	0	0	201	11/01/2032.	1.
31385W-2D-0.	FNMA #555272.		09/01/2010.	MBS PMT.		6,976	6,976	7,158	7,002	0	(26)	0	(26)	0	6,976	0	0	0	284	03/01/2033.	1.
31385W-2S-7.	FNMA #555285.		09/01/2010.	MBS PMT.		4,908	4,908	4,993	4,921	0	(13)	0	(13)	0	4,908	0	0	0	199	03/01/2033.	1.
31385X-BD-8.	FNMA #555436.		09/01/2010.	MBS PMT.		18,349	18,349	18,988	18,446	0	(98)	0	(98)	0	18,349	0	0	0	734	05/01/2033.	1.
31385X-NR-4.	FNMA #555800.		09/01/2010.	MBS PMT.		23,626	23,626	23,840	23,649	0	(23)	0	(23)	0	23,626	0	0	0	881	10/01/2033.	1.
31388K-GA-4.	FNMA #606893.		09/01/2010.	MBS PMT.		749	749	771	752	0	(3)	0	(3)	0	749	0	0	0	36	10/01/2031.	1.
31388L-C8-1.	FNMA #607695.		09/01/2010.	MBS PMT.		2,781	2,781	2,876	2,792	0	(11)	0	(11)	0	2,781	0	0	0	114	11/01/2031.	1.
31388R-GT-8.	FNMA #612310.		09/01/2010.	MBS PMT.		702	702	725	705	0	(3)	0	(3)	0	702	0	0	0	28	09/01/2016.	1.
31389U-TR-0.	FNMA #636060.		09/01/2010.	MBS PMT.		73	73	76	74	0	(2)	0	(2)	0	73	0	0	0	3	04/01/2032.	1.
31391D-DD-2.	FNMA #663500.		09/01/2010.	MBS PMT.		2,061	2,061	2,087	2,064	0	(2)	0	(2)	0	2,061	0	0	0	76	10/01/2032.	1.
31391J-JM-3.	FNMA #668168.		09/01/2010.	MBS PMT.		9,439	9,439	9,713	9,481	0	(42)	0	(42)	0	9,439	0	0	0	377	11/01/2032.	1.
31391Q-S8-8.	FNMA #673843.		09/01/2010.	MBS PMT.		14,615	14,615	14,893	14,665	0	(51)	0	(51)	0	14,615	0	0	0	561	10/01/2017.	1.
31393Q-N3-2.	FHLMC 2614 KB.		09/01/2010.	MBS PMT.		72,129	72,129	74,834	73,220	0	(1,091)	0	(1,091)	0	72,129	0	0	0	2,230	11/01/2012.	1.
31393W-V9-7.	FHLMC 2641 KJ.		09/01/2010.	MBS PMT.		34,134	34,134	35,180	34,421	0	(287)	0	(287)	0	34,134	0	0	0	916	09/01/2014.	1.
31394R-TQ-2.	FHLMC 2757 AB.		09/01/2010.	MBS PMT.		46,851	46,851	48,286	47,522	0	(671)	0	(671)	0	46,851	0	0	0	1,572	02/01/2012.	1.
31395G-ZT-2.	FHLMC 2874 BA.		09/01/2010.	MBS PMT.		61,485	61,485	63,089	61,999	0	(514)	0	(514)	0	61,485	0	0	0	1,641	02/01/2013.	1.
31395V-W6-2.	FHLMC 2999 NB.		09/01/2010.	MBS PMT.		113,973	113,973	119,209	115,360	0	(1,387)	0	(1,387)	0	113,973	0	0	0	3,676	06/01/2012.	1.
31397N-E5-0.	FNMA 2009-31 A.		09/01/2010.	MBS PMT.		65,335	65,335	67,377	65,745	0	(410)	0	(410)	0	65,335	0	0	0	1,726	01/01/2018.	1.
31398E-3H-5.	FHLMC 3545 LA.		09/01/2010.	MBS PMT.		107,706	107,706	107,706	107,706	0	0	0	0	0	107,706	0	0	0	1,557	04/01/2012.	1.
31398E-AB-0.	FHLMC 3544 KA.		09/01/2010.	MBS PMT.		100,795	100,795	103,661	101,456	0	(662)	0	(662)	0	100,795	0	0	0	3,102	05/01/2016.	1.
31400C-6F-6.	FNMA #684070.		09/01/2010.	MBS PMT.		12,679	12,679	12,980	12,705	0	(26)	0	(26)	0	12,679	0	0	0	422	05/01/2018.	1.
31400W-T7-5.	FNMA #699974.		09/01/2010.	MBS PMT.		5,794	5,794	5,935	5,810	0	(16)	0	(16)	0	5,794	0	0	0	214	04/01/2033.	1.
31401B-VB-8.	FNMA #703610.		09/01/2010.	MBS PMT.		8,764	8,764	8,990	8,797	0	(33)	0	(33)	0	8,764	0	0	0	266	06/01/2018.	1.
31401W-V9-7.	FNMA #720740.		09/01/2010.	MBS PMT.		10,371	10,371	10,616	10,393	0	(22)	0	(22)	0	10,371	0	0	0	351	07/01/2033.	1.
31402Q-CF-6.	FNMA #734570.		09/01/2010.	MBS PMT.		8,634	8,634	8,560	8,619	0	15	0	15	0	8,634	0	0	0	282	08/01/2033.	1.
31402W-LY-2.	FNMA #740243.		09/01/2010.	MBS PMT.		10,690	10,690	10,844	10,708	0	(18)	0	(18)	0	10,690	0	0	0	410	10/01/2033.	1.
31403D-T8-2.	FNMA #745875.		09/01/2010.	MBS PMT.		23,859	23,859	24,070	23,929	0	(70)	0	(70)	0	23,859	0	0	0	1,030	09/01/2036.	1.
31403U-3H-2.	FNMA #758700.		09/01/2010.	MBS PMT.		12,864	12,864	12,575	12,847	0	17	0	17	0	12,864	0	0	0	343	11/01/2019.	1.
31403V-GR-4.	FNMA #759008.		09/01/2010.	MBS PMT.		6,139	6,139	6,093	6,136	0	3	0	3	0	6,139	0	0	0	198	01/01/2034.	1.
31404D-O6-6.	FNMA #765555.		09/01/2010.	MBS PMT.		15,526	15,526	15,291	15,520	0	6	0	6	0	15,526	0	0	0	458	12/01/2033.	1.
31404J-QD-0.	FNMA #770052.		09/01/2010.	MBS PMT.		12,587	12,587	12,705	12,603	0	(16)	0	(16)	0	12,587	0	0	0	365	03/01/2019.	1.
31404K-TB-8.	FNMA #771046.		09/01/2010.	MBS PMT.		24,253	24,253	24,174	24,235	0	18	0	18	0	24,253	0	0	0	677	04/01/2019.	1.
31405B-A6-8.	FNMA #784029.		09/01/2010.	MBS PMT.		22,416	22,416	22,343	22,402	0	14	0	14	0	22,416	0	0	0	680	06/01/2019.	1.
31405C-UT-4.	FNMA #785494.		09/01/2010.	MBS PMT.		31,577	31,577	31,340	31,551	0	26	0	26	0	31,577	0	0	0	1,087	06/01/2034.	1.
31405F-3V-2.	FNMA #788412.		09/01/2010.	MBS PMT.		4,025	4,025	3,970	4,022	0	3	0	3	0	4,025	0	0	0	120	07/01/2019.	1.
31405H-5G-9.	FNMA #790247.		09/01/2010.	MBS PMT.		21,373	21,373	20,892	21,281	0	92	0	92	0	21,373	0	0	0	676	08/01/2034.	1.
31405M-MA-2.	FNMA #793353.		09/01/2010.	MBS PMT.		9,244	9,244	9,522	9,288	0	(43)	0	(43)	0	9,244	0	0	0	379	08/01/2034.	1.
31405N-S8-9.	FNMA #794443.		09/01/2010.	MBS PMT.		20,556	20,556	20,797	20,590	0	(34)	0	(34)	0	20,556	0	0	0	745	10/01/2034.	1.
31405P-Q0-6.	FNMA #795263.		09/01/2010.	MBS PMT.		18,396	18,396	18,730	18,444	0	(48)	0	(48)	0	18,396	0	0	0	611	09/01/2019.	1.
31406B-EU-0.	FNMA #804847.		09/01/2010.	MBS PMT.		24,790	24,790	23,908	24,686	0	104	0	104	0	24,790	0	0	0	738	01/01/2035.	1.
31406F-TS-0.	FNMA #808861.		09/01/2010.	MBS PMT.		15,791	15,791	16,037	15,816	0	(25)	0	(25)	0	15,791	0	0	0	638	01/01/2035.	1.
31406K-EG-7.	FNMA #812060.		09/01/2010.	MBS PMT.		85,036	85,036	84,650	84,931	0	104	0	104	0	85,036	0	0	0	2,776	03/01/2035.	1.
31406T-JR-3.	FNMA #819372.		09/01/2010.	MBS PMT.		23,439	23,439	23,316	23,413	0	26	0	26	0	23,439	0	0	0	695	03/01/2020.	1.
31407B-U6-4.	FNMA #826005.		09/01/2010.	MBS PMT.		20,835	20,835	20,115	20,717	0	118	0	118	0	20,835	0	0	0	714	07/01/2035.	1.
31407Y-ES-4.	FNMA #844445.		09/01/2010.	MBS PMT.		33,750	33,750	32,490	33,471	0	279	0	279	0	33,750	0	0	0	1,243	12/01/2035.	1.
31407Y-R6-8.	FNMA #844809.		09/01/2010.	MBS																	

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
452024-DR-0..	ILLINOIS MUN ELEC.....		..08/30/2010..	KEY McDONNALD.....		2,155,140	2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	155,140	155,140	115,997	..02/01/2013..	1FE
3199999	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					7,683,219	7,418,732	7,558,799	5,014,691	0	(19,426)	0	(19,426)	0	7,525,039	0	158,180	158,180	255,952	XXX	XXX
06050B-AA-9..	BANK OF AMERICA CORP.....		..08/03/2010..	DMG.....		784,785	750,000	774,480	767,739	0	(4,232)	0	(4,232)	0	763,507	0	21,278	21,278	15,039	..06/15/2012..	1FE
06406H-BQ-1..	BANK OF NEW YORK MELLON.....		..09/21/2010..	SIG.....		1,046,370	1,000,000	998,710	998,710	0	64	0	64	0	998,774	0	47,596	47,596	7,867	..06/18/2015..	1FE
097014-AH-7..	BOEING CAPITAL CORP.....		..09/21/2010..	WELLS CORP.....		1,108,610	1,000,000	1,069,570	1,030,612	0	(6,979)	0	(6,979)	0	1,023,632	0	84,978	84,978	69,117	..01/15/2013..	1FE
126650-BP-4..	CVS PASS-THROUGH TRUST.....		..09/10/2010..	SINK.....		6,855	6,855	7,012	0	0	(1)	0	(1)	0	6,855	0	0	0	69	..12/10/2028..	2FE
189054-AR-0..	CLOROX COMPANY.....		..08/30/2010..	WALL STREET ACCESS.....		267,495	250,000	249,575	249,584	0	42	0	42	0	249,626	0	17,869	17,869	7,223	..11/01/2015..	2FE
244217-BK-0..	JOHN DEERE CAPITAL CORP.....		..09/02/2010..	GOLDMAN SACHS.....		546,930	500,000	510,445	504,011	0	(857)	0	(857)	0	503,155	0	43,775	43,775	29,254	..01/15/2013..	1FE
24424D-AA-7..	JOHN DEERE CAPITAL CORP.....		..08/03/2010..	MORGAN STANLEY.....		521,045	500,000	515,984	511,609	0	(2,763)	0	(2,763)	0	508,846	0	12,199	12,199	9,064	..06/19/2012..	1FE
36828Q-DW-5..	GECMC 2004-C1 A2.....		..09/01/2010..	MBS PMT.....		56,894	56,894	55,665	56,698	0	196	0	196	0	56,894	0	0	0	1,484	..01/01/2011..	1FE
438516-AZ-9..	HONEYWELL INTERNATIONAL.....		..08/19/2010..	STIFEL NICHOLAUS & CO., INC.....		1,156,940	1,000,000	1,108,980	0	0	(1,648)	0	(1,648)	0	1,107,332	0	49,608	49,608	26,250	..02/15/2019..	1FE
46625M-WW-5..	JPMCC 2003-CB6 A1.....		..09/01/2010..	MBS PMT.....		35,365	35,365	35,669	35,411	0	(46)	0	(46)	0	35,365	0	0	0	1,072	..12/01/2012..	1FE
46625V-DB-6..	JPMCC 2004-CB3 A3.....		..09/01/2010..	MBS PMT.....		65,112	65,112	64,155	65,112	0	0	0	0	0	65,112	0	0	0	1,655	..11/01/2010..	1FE
478366-AR-8..	JOHNSON CONTROLS INC.....		..09/07/2010..	VARIOUS.....		984,751	875,000	952,450	0	0	(4,553)	0	(4,553)	0	947,897	0	36,854	36,854	31,396	..01/15/2016..	2FE
666807-BB-7..	NORTHROP GRUMMAN CORP.....		..08/10/2010..	CITIGROUP/ELECTRONIC.....		265,490	250,000	249,535	249,571	0	54	0	54	0	249,625	0	15,865	15,865	9,584	..08/01/2014..	2FE
69371R-J9-8..	PACCAR FINANCIAL CORP.....		..09/21/2010..	WALL STREET ACCESS.....		510,390	500,000	509,470	0	0	(148)	0	(148)	0	509,322	0	1,068	1,068	2,790	..06/17/2013..	1FE
843646-AC-4..	SOUTHERN POWER CO.....		..08/30/2010..	WALL STREET ACCESS.....		273,050	250,000	272,195	258,139	0	(2,053)	0	(2,053)	0	256,086	0	16,964	16,964	17,665	..07/15/2012..	2FE
883556-AS-1..	THERMO FISHER SCIENTIFIC.....		..09/21/2010..	JP MORGAN.....		524,765	500,000	525,865	0	0	(605)	0	(605)	0	525,260	0	(495)	(495)	6,533	..05/01/2015..	2FE
92343V-AV-6..	VERIZON COMMUNICATIONS.....		..09/21/2010..	RBCOM.....		603,410	500,000	537,520	536,180	0	(2,256)	0	(2,256)	0	533,924	0	69,486	69,486	31,133	..04/01/2019..	1FE
92344S-AP-5..	WIRELESS.....		..09/21/2010..	PIPER, JAFFRAY & HOPWOOD.....		564,720	500,000	496,785	497,303	0	439	0	439	0	497,742	0	66,978	66,978	31,835	..02/01/2014..	1FE
73755L-AH-0..	POTASH CORP-SASKATCHEWAN.....		..09/21/2010..	VARIOUS.....		1,044,056	1,000,000	1,048,450	0	0	(887)	0	(887)	0	1,047,563	0	(3,507)	(3,507)	23,329	..03/30/2020..	2FE
3899999	- Bonds - Industrial and Miscellaneous					10,367,034	9,539,227	9,982,516	4,761,968	0	(26,234)	0	(26,234)	0	9,886,516	0	480,518	480,518	322,359	XXX	XXX
8399997	- Bonds - Part 4					22,400,206	21,854,191	21,660,990	13,933,652	0	(16,256)	0	(16,256)	0	21,597,950	0	802,256	802,256	654,649	XXX	XXX
8399999	- Total - Bonds					22,400,206	21,854,191	21,660,990	13,933,652	0	(16,256)	0	(16,256)	0	21,597,950	0	802,256	802,256	654,649	XXX	XXX
8999999	- Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799999	- Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999	- Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999	Totals					22,400,206	XXX	21,660,990	13,933,652	0	(16,256)	0	(16,256)	0	21,597,950	0	802,256	802,256	654,649	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0 .

E05.2

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE



**STATEMENT AS OF SEPTEMBER 30, 2010 OF THE Priority Health**

## SCHEDULE E - PART 1 - CASH

[illegible]

Schedule E - Part 2 - Cash Equivalents

NONE